



Effects of External Labour Mobility on Organizations: A study of selected Commercial Banks in Asaba, Nigeria

EDIH, University Ovuokeroye¹ ; **ONORIODE**, Omorho.Humphrey²

oweilade123uni@gmail.com; onorioderhumphrey@yahoo.co.uk

Key words: labour mobility, external labour mobility, commercial banks, Asaba, Nigeria

Abstract

Globalization has increased the ease with which workers are leaving one organization to another. The effects of international corporations, multinational corporations, global corporations and transnational corporations, bilateral and multilateral agreements among independent nations, trades and investments across the world on workers migration are unprecedented and may be inevitable. More so, internal mobility is facilitated by intense competition and the need to enhance the competitive advantage and acquire high market share of the consuming population. However, external labour mobility poses dual effects on the parent and new (recruiting) organizations. It is on this basis that the study examined the effects of external labour mobility on organizations: a study of selected commercial banks in Asaba, Nigeria. The main objective of the study is to determine the dual effects of external labour mobility on organizational performance. The study employed the use of correlation and multiple regression statistical tools to analyze the data generated from the field. Findings showed that external labour mobility exacts negative significant effect on the parent organization while it improves the performance of the new and recruiting organization. This confirms the negative-positive trajectory of external labour movement. The study therefore recommends orientation/reorientation and open door policies that accommodate and enable inclusiveness as they lead to full sense of belongingness of the workers.

Introduction

In this twenty-first century, globalization has caused increase in technological advancement (Girish & Balaji-Rao, 2017), increase in creativity and innovations in sciences and arts. It has increased the use of digital systems more than analogical machines, exposures and gross yearnings for better standard of living, high competition due to the effects of global market and ease of mobility are facilitated by telecommunication gadgets amongst others (Edih & Onoriode, 2021). Consequently, companies are in dire strait of competent and retainable employees and employees are also in constant search for better working conditions garnished with living wage across the world (Larry, 2011). In effect, globalization has increased the ease with which workers are leaving one organization to another. The effects of

international corporations, multinational corporations, global corporations and transnational corporations, bilateral and multilateral agreements among independent nations, trades and investments across the world on workers migration are unprecedented and may be inevitable. More so, internal mobility is facilitated by intense competition and the need to enhance the competitive advantage and acquire high market share of the consuming population. However, external labour mobility poses dual effects on the parent and new (recruiting) organizations.

Mobility of labour or Labour mobility could be considered in two folds: internal and external mobility. Annelies et al., (2003) define internal labour mobility as a process of rotating the employees among the various jobs (tasks) within an organization. Girish and Balaji-Rao, (2017) consider external Labour mobility as the movement of employees out of an organization while internal mobility provides avenues for employees to be assigned new roles or positions in an organization. It has been established in literature that the competence and competitive advantages of organizations are vested in the human assets. This is the more reason why companies should do what it takes to employ and retain manpower with high dexterity (Girish & Balaji-Rao, 2017; Anwair et al., 2011; Edih et al., 2021).

External Labour mobility also represents two major scenarios; scenario one; an employee leaving a particular organization (parent organization), scenario two; another firm employing the outgone worker (new organization). The impact in this context is considered double or dual effects on the parent organization which had lost an asset and the new firm which had gained an invaluable human capital. This movement could be termed as negative – positive trajectory of external mobility of labour. We make bold to assert that external labour mobility is either voluntary or involuntary (compelling movement). Involuntary mobility is initiated through wrongful dismissal or termination by management. We also wish to pontificate that the parent company in respect to external labour mobility had loss capable hands, competitive edge, incurs financial loss, lost reputation, loss of market shares and costs of aggressive adverts in search of capable replacement. Campbell et al (2011) assert that capable employees with higher salary packages voluntarily leave their parent organization.

Labour mobility is also known as worker mobility. Mobility in this context refers to the geographical and occupational movements of workers. It has been argued that mobility of labour enhances efficient allocation of resources (how?). It also drives innovations in the business environment. Labour mobility may also be international or national (within a country). International labour mobility is the movement of workers between two or more countries. This movement is tantamount to migration of workers from one country to another. It has equalizing effects on wages with workers in an industry (is this possible?) (Annelis et al, 2003). It has been contested that labour is relatively immobile on grounds of costs and inconvenience, ignorance job opportunities, job security and good pay, systemic issues (educational opportunities, laws, political contrivances) and physical location (Annelies et al 2003). Also, perfect mobility of labour is seen to be unrealistic (Krugman, 2005).

We have seen from the reviewed studies that emphasis were majored on internal mobility (Girish & Balaji, Rad, 2017); factors affecting job mobility (Annelies, et al, 2003) and employee mobility (Caryl, et al, 1988) which are aspects of mobility of labour. However, the aspects of external labour mobility such as the negative – positive effects trajectory on both organization is a gap to be addressed in this study. Hence, this study looked at the double effects of external labour mobility on the parent and recruiting (new) organizations.

Objective

The main objective is to determine the dual effects of external labour mobility on organizational performance.

Hypotheses

H₁ : External labour mobility does not have positive significant effect on the parent organization

H₂ : External labour mobility does not have positive significant effect on the new organization.

Literature Review

Empirical Studies

Campbell et al., (2011) conclude that valuable employee with higher remuneration are the ones leaving the parent organization. This is obviously, not understandable. It is therefore a paradox that should be unravelled in due course. In Annelies et al.,(2003), it was affirmed that individual's job mobility is affected by job satisfaction, specific career attributes, and job availability. External job changes are caused by demographic variables and sensations seekers while internal job rotation is the discretion of management. According to (Annelies et al, 2003), internal mobility denotes positive change while external mobility is a negative turnover to the parent company

Caryl et al., (1988) observe that the rationale used by managers to attend to employee's mobility in the awards of rewards under labour constraints may be harmful to equity and organizational performance. Employee mobility is encouraged basically on two major grounds; workers personal development/performance and improved organizational performance. However, studies have also found that job satisfaction and commitment were predictors of voluntary turnover. The study defined internal job rotation as a lateral transfer of employees between jobs or team in an organization (Annelies et al, 2003).

Rikard, et al., (2009) believe that external employees boost the competitive advantages of a firm. Therefore, firms rely on recruiting valuable human capital externally than locals. Mattew (2012) contends that external hires receive higher pay than internal hires and this in turn affect their performance. Deepark (2008) also sees employee mobility as beneficial to firm's performance

Girish and Balaji-Rao (2017) conclude that external labour mobility may be caused by favouritism, lack of recognition, unethical practices resulting to employee dissatisfaction. Involuntary mobility creates negative effect on organization performance. Long(2011) identifies that poor reward system, no job opportunities for job environment as some causes of labour mobility.

Theoretical Review

Neoclassical Economic Theory

The postulations of the Neoclassical Economic Theory (Todaro, 1969) are philosophically intertwined with the ideas galvanized in World System (Sassen, 1988) and Segmented Labour Theories (Piore, 1979). This theory suggests that international migration is caused by global supply and demand for labour. In line with the traditional laws of demand, supply, price and wage determination, nations with scarce labour supply and high demand for labour will have high wages and conducive working environment that will attract immigrants from countries with surplus of labour. The need to for greener pastures and availability of job opportunities in advanced nations have pulled and still pulling high population of immigrants (job seekers) from developing nations of the world. More so, insecurity, poverty and bad governance issues which are prevalent in third world countries have amplified the urge for young and able-bodied youths to migrate to other countries preferably developed nations to continue a better life.

Labour mobility is also enhanced by the emergence of global market through the expansion of capitalism frontiers-global and transnational corporations, telecommunication technologies. These ubiquitous drivers of globalization in no small measure have shrink the hitherto barriers to international/multinational trades and investments, turned the world to one global market, a term popularly referred to as global village (Sassen, 1988 as cited in Kurekova, 2009). Sassen (1988) supports the notion that global capitalism as a product of international migration. It is also reveals that industrial revolution in the Western World attracted labour migration from developing countries. In similar vein, Piore (1979 as cited in Kurekova, 2009) argues that the First World Economies were structured to boost immigration of persons seeking for opportunities. This view was addressed in Segmented Labour Theory.

The question is if workers migration is fueled by the desire for a better working condition and good pay, why are highly paid employees voluntarily leave their organization? Campbell et al., (2011) contend that valuable workers with higher salary are the ones leaving their parent organization. This portrays that there are more factors that are propelling labour mobility which should be unraveled. Until then, we may conclude that workers/persons leave their organizations/ countries for several reasons and these movements pose broad implications for the parties involved.

Methods

The study used the random sampling technique to select the 200 respondents from five commercial banks in Asaba metropolis- the capital territory of Delta State, Nigeria. Out of the 200 sets of the questionnaire administered, a total number of 195(97.5%) were retrieved. The study employed major statistical tools to analyze the data gathered from the field-correlation and multiple regression analytical tools. The 12- item structured questionnaire were validated using sampling validity (content and face validity techniques). The framework for the study is as follow;

Independent variable

Dependent variable

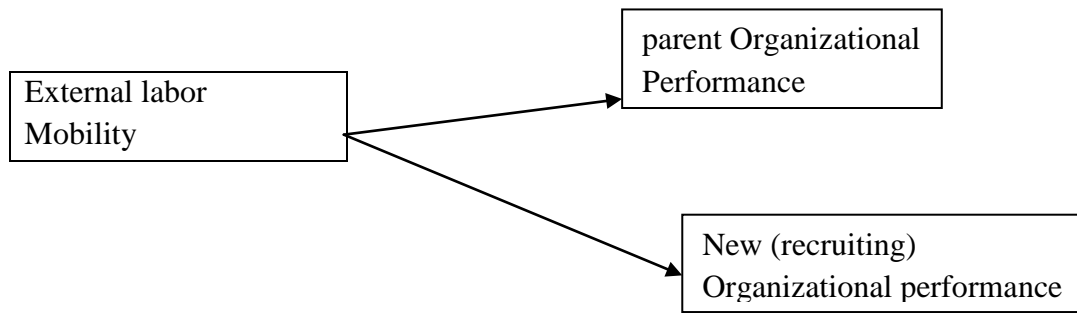


Figure 1: Frame work connecting independent and dependent variables

Result and Discussion

Results

Table 1: Correlation Matrix Analysis

	Parent Company	New Org.	Organizational Per.
External mobility from parents	1		
External Mobility to New	.384**	1	
Organizational Performance	.456**	.413**	1

** Correlation is significant at 0.01 level (2-tailed)

Source: Analysis of field data, 2021

Table 1 showed the correlation matrix on dimensions of external labour mobility and organizational performance. It is revealed that external labour from mobility parent company demonstrates positive correlation with external labour mobility into new organization ($r = .384^{**}$, $p < 0.01$), Organizational performance ($r = .456^{**}$, $p < 0.01$) as well as external labour mobility into the new organization has positive significant correlation with Organization performance ($r = .413^{**}$, $p < 0.01$).

Table 2: Multiple Regression Analysis

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients B	t	Sig.
	B	Std. Error			
1 (constant)	8.136	1.702		5.573	.524
Parent coy	.104	.067	-.125	1.493	.75
New Organization	.135	.069	.156	1.816	.07

a. Dependant variable organization performance. Source: Analysis of field data, 2021

Table 3: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	68.123	3	22.707	7.959	.000 ^b

	Residual	336.623	118	2.853		
	Total	404.746	121			

- a. Dependent variable: Organizational performance
- b. Predictors: (constant), Ext. Mob (Parent Coy), Ext. Mob (New Org)

Table 4: Model Summary

Model	R	R. Square	Adj. Square	Std error of the estimate
1	423 ^a	179	154	1.7404

- a. Predictors: (Constant), Ext. Mob (Parent Coy), Ext. Mob (New Org)

Source: Analysis of field survey, 2021.

Discussion

The study is focused on effects of external labour mobility on organizational performance in selected commercial banks in Asaba, Nigeria. The result of the correlation analysis involving the dimensions of external labour mobility and organization performance showed a positive coefficient values, an indication of appropriate measurement for the study. The result of multiple regression analysis showed two divergent reports. The two constructs used for external labour mobility from parent company ($B = -125, P > 0.01$) indicating a negative significant effect while external labour mobility into new organization ($B = 156, P < 0.01$) showed a positive significant effect on organization performance.

The result provided support for H_1 test, meaning that external labour mobility has a negative significant effect on parent's organizational performance ($P_{cal} 0.75 > P_{crit} 0.05$). These findings are in tandem with Annelies et al., (2003) that external mobility portrays negative turnover to the parent company and Campbell et al (2011) which wondered on the paradoxical relationship between highly paid staff and job mobility. A situation where valuable employee with higher remuneration leaves an organization, it erodes on their competitive power and reputation. This buttresses the need for organization to emphasize on employee's orientation and re-orientation on the objectives and vision of the company. It is a call for managers to marry the needs of the employees with the vision of the organization.

However, the findings of H_2 test showed that there is statistically positive significant effect of external labour mobility on organizational performance ($P_{cal} 0.07 < P_{crit} 0.05$). These findings were supported by Rikard, et al., (2009) that external mobility improves the competitive advantage of firms. Also, Deepark (2008) contend that employee mobility is beneficial to organizational performance. In both cases, external labour mobility causes a negative-positive trajectory in organizations. While parent company suffers setbacks, the new recruiting organization enjoys new innovations form externalities. Mobility of labour (especially external mobility) is a product of globalization and advancement in telecommunication (Girish & Balaji-Rao, 2017; Edih et al., 2021).

Conclusion

The position of the study was to ascertain the effects of external labour mobility on organizational performance. It was discovered in this study that external labour mobility has dual effects on the parent and recruiting organizations. The study concludes that external

labour mobility has a negative effect on the parent organization which loss an invaluable human capital. The study also reveals that external labour mobility exact positive significant effect on the recruiting organization which employed from externalities.

Based on these robust findings, it is therefore advised that;

One, parent organization should apply the policy of total orientation and re-orientation of their employees to imbibe the vision of the organization. Organization should also initiate and implement open-door policy to accommodate the interests of workers and management. The employees of an organization have a reflexive role to play: meeting the organizational objectives within specified time and sustaining their personal goals in life. When workers feel dissatisfied in an organization, it may amount to involuntary mobility. This could be forestalled by the policies of re-orientation and open-door.

Two, organizations should be prepared for shocks due to external labour mobility because it is inevitable considering the aftermath of globalization and its propelling and dynamic drivers. Organizations should therefore have Plan B if the first measure of maintaining retention fails.

Acknowledgements

We are very grateful to the staff of First Bank, UBA, Eco Bank, Wema Bank and FCMB branches in Asaba, Delta State, Nigeria for their cooperation and quick response to the questionnaire. We also acknowledge the services of Evangel Computers, Asaba. We wish to state that the study was not sponsored and no conflict of interests.

References

- Annelies, E. M. V. V., Moshe, K., Jan, A. E., Ruben, T. (2003). Personality factors and adult attachment affecting job mobility. *International Journal of Selection and Assessment*, 11(4); 253-264
- Anwar, M. S., Aslam, M., Tariq, M. (2011). Temporary job and its impact on employee performance. *Global Journal of Management and Business Research*, 11(8); 22-28
- Campbell, B. A. (2011). Who leaves, where to and why worry? Employee mobility, entrepreneurship and effect on source firm performance. *Strategic Management Journal*, 33 ; 65-67
- Caryl, E. R., David, L., Micheal, L., Orly, J.M., Micheal, N. (1988). Impact of employee mobility and employee performance on the allocation of rewards under conditions of constraints. *Journal of Personality and Psychology*, 54 (4); 605-615
- Deepak, S. (2008). Gone but not lost : the different performance impact of employee mobility between cooperators versus competitors. *Academy of Management Journal*, 5, 936-953
- Edih, U. O., Onoriode, O. H., Nwafili, K (2021). Cultural homogenization, cultural Americanization and globalization: the African fear. *Palarch Journal of Archaeology of Egypt*, 18 (08), 2089-2100
- Edih, U. O., Salami, C. G E., Orishede (2021). Recruitment strategies and organizational performance in the hospitality industry in Nigeria. Unpublished doctoral thesis, Delta State University, Abraka, Nigeria
- Girish, K., Balaji-Rao, P. S. V. (2017). A study on impact of internal mobility on organizational performance : a case of Automotive Axles Pvt Ltd, Mysuru. *International Journal of Latest Technology in Engineering , Management and Applied Science*, 6(12); 48-57
- Krugman, P. (2005). *International economics : theory and policy*. Daryl Fox.

- Kurekova, L. M. (2009). Theories of migration: critical review in the context of the EU East-West flows. CARIM, Robert Schuman Centre for Advanced Studies, San Demnico di, Fiesole (FI); European University Institute.
- Larry, I. (2011). Reactions to labor mobility in small and medium organizations in Nigeria. *European Journal of Social Science* , 25, 295-304
- Long, J. (2011). Labour mobility. *Oxford Encyclopedia of Economic History*.
- Matthew, B. (2012). Pay more to get less: the effect of external hiring versus internal mobility.
- Rikard, E. (2009). Localized mobility clusters: impact of labour market externalities on firm performance. *Geography Economy Journal*, 10, 33-55

